



CORPORATE SOCIAL RESPONSIBILITY: A STUDY ON HOTEL INDUSTRY

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ABSTRACT

Corporate Social Responsibility (CSR) is a unique Responsibility entrusted by the Government to the Business Enterprises for making this world a better place to live on. The corporate entities shall do their share of good by involving in Ethical Corporate Governance. They shall be able to step up various community services drives or camps for empowering the society. CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian Development Sector. It is followed by a handful of Public Companies as necessitated by their existence, & few more Private Companies with international shareholding. CSR is not a new concept Business houses like the Tata Group, Aditya Birla Group etc. have been involved in serving the community to a greater extent. Through donations & charity events, many other organizations have been coming forward for doing the best for the Society in general.

INTRODUCTION:

Corporate Social Responsibility (CSR) means a responsibility of the Corporate world to contribute for the development of the welfare of the society by contributing out of certain profits earned by the organizations with a view to sustain the balance among Economic, Environmental and Social Imperatives in the country. CSR is in practice since the decades in one form or the other right from 1850 when it started in the form of charity and philanthropy by few merchants for the betterment of the society. Later during Mahatma Gandhi period, introduced trusteeship concept wherein wealthy people creating a trust and were conducting activities for the development of the society by contributing certain portion of their wealth to the society.

During 1960-80, there was Mixed Economy in India on account of emergent of public Sector Undertakings which were formed and the owner for the sectors was the Government. This period succeeded in bringing a strong platform for the CSR due to the evolution of framing laws for protecting labour environmental standards. Since 1980 till the present moment, vast changes took place due to the Liberalization, Privatization & Globalization in Economical scenario. The importance of CSR realized by many corporate entities for the welfare of the country. CSR started playing a vital role and many developed countries like U.S.A started following the concept of CSR since many decades. Hence, India took a decision to make it mandatory under the Law that each and every public sector as well as private sector should contribute for the overall development of the society. Under New Company Law 2013, CSR is made mandatory in all corporate entities.

Today, it is an era of facilitation and marketing. It has now becoming a part of promotional strategy of every corporate entity to try to attract new skilled employers by means of their Corporate Social Responsibility Reports whose main attention is to provide services to the society and looking for better results by maintaining steady labour/employee turnover rate in the corporate entities.

REVIEW OF LITERATURE:

Jones, K., & Bartlett, J.L. (2009) have given a clear picture on perspective of resource based sight to describe the growth involved in business under CSR practice. The study has done on relationship by the management with corporate entities through public relations with a view to build support network in the society by using CSR to the best possible extent.

Lindgreen, A., & Swaen, V. (2010) have revealed the movement of CSR from the ideology to the reality in the corporate world, has reflected on various theories like Agency theory, Institutional theory and resource-based view of the firm, Stakeholder theory, stewardship theory and the theory of the firm.

Gautam, R., & Singh, A. (2010) have developed the study based on cross sectional and identified the influence of inclusive business strategy based on performance contemplation and stakeholders pressure.

Ghose, S. (2012) has analyzed the importance of CSR, considering strategic perspective for the welfare of the society and the economy as a whole, framed the new method of production process in manufacturing the products with inclusion of social features to reduce the environment polluting gist and to produce more eco-friendly products.

Uvais, M., & Hafeefa C. (2013) have explored to convey the practice of CSR in the corporate world by using Media as a source and helping to reach the customers to create brand image and to make effective implementation of CSR in the country and to overcome the obstacles like lack of understanding, inadequately trained personnel, coverage, policy etc.

Kashyap H. (2014) has portrayed the importance of education to build the nation where in India is lagging behind. Hence, the study mainly focused on improving the education by means of the CSR and many corporate entities have to play an important role in the eradication of illiteracy for the welfare of the society.

Sarkar J. & Sarkar S. (2015) have opined about the mandatory of CSR under the Companies Act, 2013. An effort is made by the Indian Government to bridge the gap for the welfare of the society by making it as mandatory one.

ISSUES AND CHALLENGES FACED BY CSR IN CURRENT CONTEXT:

Since 2013 onwards, the scope for the CSR started increasing day by day, as it is made mandatory under the Companies Act, 2013. All corporate entities are actively taking part in CSR activities which in turn increasing the overall growth of the country and many problems facing by the society are gradually decreasing and it is the good sign for the country. Hence, it is better to have an insight into the CSR related concepts and for this purpose the SWOC Analysis is to be conducted for study purpose.

SWOC ANALYSIS ON CSR:

The study could identify some of the strengths, weakness, opportunities and challenges as mentioned below:

STRENGTHS:

Theories like Utilitarian Theory, Managerial Theory, Relational Theory, Political Theory, Instrumental Theory 1, Ethical Theory and Integrative Theory are acting as backbones to achieve success in the effective implementation of CSR in the current scenario.

CSR is actively taking part in the community development which in turn results in empowering the individuals and the group as a whole with the help of external organizations to achieve sustainable growth.

CSR is focusing on "going green" concept and trying to produce eco friendly products taking into consideration the welfare of the society so as to control the pollution which causes damage to the egalitarian environment.

Organizations like Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited and Hindustan Unilever Limited are focusing towards setting up medical, sanitation facilities and building schools and houses to empower the village people to become self-reliant through setting up training facilities by the organizations.

By Tying up with the Government, Companies and NGOs are facilitating favorable societal changes for the socio-economic development, as they possess human assets with specialized skills and experiences which tend to improve the welfare of the society to a greater extent.

WEAKNESSES:

Local communities are showing lack of interest in participating in the CSR activities conducted by the companies due to lack of knowledge and poor in creating awareness programmes by the CSR Departments of the companies.

In Companies Act, 2013, it has been framed by stating that all the corporate entities have to contribute to the society welfare out of profits earned by them (say about 2%). However, so far proper guidelines have not yet been laid down in this regard.

Still ISO 26000 Certification is not implemented fully in India. Many Companies are having lack of knowledge about CSR Certification.

Lacks of awareness among the local agencies about the CSR concept, corporate entities are finding it difficult to operate due to lack of support from these agencies. Lack of transparency from the corporate world, sufficient information are not provided about CSR activities carried on in their respective organizations for the welfare of the society.

OPPORTUNITIES:

CSR generating ample job opportunities, after making it mandatory under the Law. CSR indirectly reflects to create brand image in the eyes of the customers because certain portion of the profits are contributed to the welfare of the society which in turn tends to create a soft corner in the heart of the consumer about the utility of the corporate entities.

Consumers mainly focus on the companies which are operating ethically and certain portion of their sales are contributed to the welfare of the society and it leads to increase the volume of sales as well as market shares of companies.

Employees are also actively participating in the CSR oriented activities which in turn increase their morale in and around the working environment.

Financial institutions are coming forward to provide funds for the companies which actively involved in CSR activities, as most of the financial institutions are insisting to submit the reports of the CSR activities undertaken by them for the purpose of providing funds to them.

CHALLENGES:

- Strategic integration of CSR in the business involves a huge risk due to the instability of Socio, Economical and Environmental conditions.
- Construction of CSR Strategies is one of the biggest challenges for the Top Management as it involves a huge initial outlay.
- Compromising between shareholders and stakeholders to contribute for the social cause is one of the toughest jobs for the Management of the corporate entities.
- Lack of financial resources to set up CSR practices in the corporate world.
- Tie ups between NGOs and CSR to attain long run success is not possible on account of lack of knowledge about the operations carried on by the CSR.
- To make awareness about CSR concepts, it is becoming difficult for the corporate entities for using Media as a Source to reach the people.

OBJECTIVES OF THE STUDY:**THE OBJECTIVES OF THE STUDY ARE AS FOLLOWS:-**

- To explore the impact of CSR in India.
- To examine the strengths and weaknesses of the application of the CSR in the Corporate world.
- To identify the opportunities and challenges as created by implementation of the approaches of CSR.
- To throw a light of enquiry on the dimensions created for better utilization of CSR activities in corporate world.
- To explore the impact of Companies Act, 2016 on corporate governance and performance.
- To know the importance of CSR in the service oriented industries.
- To study about the activities of CSR in hotel oriented industries.

CORPORATE SOCIAL RESPONSIBILITY – A STUDY ON HOTEL INDUSTRY:

Hotel Industry is one of the fastest growing service industries throughout the world which provides accommodation, food, beverage and clean and hygienic environment to their guests. Hospitality means providing guest homes away from homes. There is an important relationship which is emerging out on those places where in tourism activities are increasing. Hotel industry adopts toughest

environmental protection laws right from the construction of hotels till the disposal of waste materials in such a manner so that the minimum degradation of environment occurs. Moreover, another factor which plays a vital role in the overall process is minimizing the operating cost by using latest technology. It has become a trend in hotel industry to adopt the latest upgraded technology like biometric, sensors, dustbin, dome cameras, security locks, theft alarms, fire detection technology etc.

HILTON WORLDWIDE:

Hilton Worldwide (formerly, Hilton Hotels Corporation) is an American global hospitality company. It is owned by the Blackstone Group, a private equity firm. As of August 2012, Hilton brands encompass 3,897 hotels with over 6, 42,000 rooms in 91 countries. Hilton is ranked as the 38th largest private company in the United States by Forbes. This Group firmly believes in creating opportunities for striving to be an employer of choice, Fostering diversity and inclusion, providing workforce development and career pathways and supporting educational and life skills programmes for young people. It believes in strengthening communities by contributing to local economies by providing for basic needs and disaster relief and supporting human rights. Hilton celebrates culture by facilitating commerce through travel and tourism, providing cultural experiences and preserving cultural heritage and living sustainably by managing efficiency and performance of our natural resources and investing in partnerships that support restoration and awareness.

HYATT HOTEL:

Hyatt Hotels Corporation is an American international company and operator of hotels. The Hyatt Corporation was born upon the purchase of the Hyatt House, at Los Angeles International Airport on September 27th 1957. As of 31st March, 2013, Hyatt Corporation's worldwide portfolio consisting of 508 properties. The Corporate Responsibility Council leads the integration of Hyatt's environmental and social commitments into their business objectives, daily operations and broader risk management programmes. The Council consists of a cross-functional group of corporate and divisional leaders representing all operational functions as well as corporate communications, brand marketing, global human resources, innovation and risk led by their vice president of corporate responsibility. The CR Council reports to the CEO and chief human resource officer, and has executive sponsors in every division of global operations. With an organizational structure in every division of global operations, with an organizational structure that emphasizes cross functional accountability and communication, the CR Council delivers on Hyatt's commitment to responsible business practices as defined by Hyatt Thrive and works to integrate their commitment to the environment and the society into business strategies and the daily operations of their hotels.

ITC HOTEL:

ITC Limited entered the hotel business on October 18th 1975; ITC Limited currently owns and operates 100 hotels in 75 destinations. ITC takes Corporate Social Responsibility and as a believer, in its corporate strategy, it embraces social development as an internal part of their mission of wealth creation for their stakeholders and ensures the long term sustainability of their business enterprises. ITC mainly focuses in to the Corporate Social Responsibility in the areas like economic, environmental and social aspects. ITC is the only company in the world to be carbon, water and recycling positive and winner of various international prizes in Corporate Social Responsibility with greenest luxury hotel chain in the world.

OBEROI GROUP:

The Oberoi Group, founded in 1934, employed about 12,000/- people worldwide and owned and managing about thirty hotels and five luxury cruisers as of 2012. The company is engaged in a number of community development and social service activities. During the year under review, the Company has supported education for underprivileged children as the cornerstone of its future Corporate Social Responsibility.

The Company contributed to the Common wealth Human Rights Initiative, an organization working for the realization of human rights in Commonwealth countries, to save our Tigers Campaign of the Wildlife Conservation Trust and Purbachal Udayan Sangha for books and medicines to needy women and children.

The Oberoi, New Delhi supports the Blind Schools through various activities like voice donation by employees to create audio textbooks. The Trident, Bandra Kurla supports St. Catherine's of Sienna Orphanage through voluntary contribution by their employees. The Trident, Nariman Point and The Oberoi, Mumbai host fund raising events, besides partnering the terry fox Run and the Mumbai Marathon, the proceeds of which go into the charity. The Oberoi, Bangalore organizes lunch and entertainment for children and senior citizens of the Cheshire Home Trust on Christmas and Independence Day.

Udaivilas provides professional training to underprivileged people of the locality in tailoring, cooking, leaning and gardening. Contribution of linen, uniforms and food are made to NGOs by most of the hotels. On environment conservation, all Oberoi and Trident hotels have undertaken water harvesting, water re-cycling and energy saving initiatives. The Oberoi, Vanyavilas is involved in the conser-

vation of wildlife at the tiger reserve and has instituted the Oberoi Scholarship Award, forest guard insurance and waterhole filling to enrich the life of forest guards and their families and to protect the environment. The Oberoi, Bangalore works with NGOs to clean various sections of the Mahatma Gandhi Road. Wild-flower Hall supports a primary health centre at Kufri by donating medical equipment. A number of the Company's hotels are involved in planting trees to enrich the good environment in their proximity. Current thought in facility management and specifically hospitality operations, is largely focusing on optimizing operational efficiency in primarily three areas: energy, water, and waste.

These initiatives covered 10 areas within the hotels where significant difference can be made:

1. Water
2. Electricity
3. Heating
4. Purchasing
5. Waste Management
6. Learning and Development
7. Community
8. Charity
9. Corporate Travel
10. Guest Communication

PROBLEM STATEMENT:

At present organizations and customers both want better services with transparency, people are ready for paying more amount of money to particular company which is focusing on green aspect, environmental protection and widely spread social behavior which is quite helpful for the growth of a particular company. It enhances the adoption of green investment to reduce the environmental degradation.

In current scenario, Hoteliers widened the scope of their sustainability efforts by incorporating environmental objectives into a broader Corporate Social Responsibility (CSR) approach which included the establishment of partnerships with a variety of public and private environmental organizations. The LEED green building program gained significant global momentum amongst institutional investors for new build projects. The financial crisis of 2008-2009 resulted in an increased emphasis on cost control measures which has prompted hoteliers to re-evaluate their plant equipment and operational practices to reduce utility costs. A current thought in facility management, specifically hospitality operations is largely focusing on optimizing operational efficiency in primarily three areas: energy, water, and waste.

RESEARCH METHODOLOGY:

The study is mainly based on Secondary Data. The sources of data are collected from various research journals, leading magazines, websites, study reports, articles available on chosen topic. To explore, examine and discover the strengths, weaknesses, opportunities and challenges, creates an impact of CSR in the present context.

Looking into the requirements of the objectives of the Study, the research design employed for the study is of descriptive nature, keeping in view the already set objectives, this research design is adopted to have greater accuracy & in depth analysis of the research study.

Available secondary data is extensively used for the study purpose. The investigator procures the required data through secondary. Survey method, different new articles, books & web which were used for enumeration, elucidation & recording purposes.

FINDINGS:

From the SWOC analysis, it is found that CSR concept in India is still in its growing stage. Efforts are to be made by the corporate entities to implement it effectively. The organization should take into consideration the local agencies to reach the set goals in the CSR activities. ISO 26000 Certification is maintained by developed countries and Indian corporate world should make efforts to reach the standards. For the long run success in CSR, the corporate entities should join hands with NGOs and the Government to support for social welfare.

Awareness about sustainability, a issue which referred originally to the natural environment but now also covering the social, economical and cultural spheres as well as the built environment developed significantly over in those 30 years. Today, most of the governments, international development agencies, trade associations, academic institutions and non-governmental organizations acknowledge the fact that without sustainability, there cannot be development that generates benefits to all stakeholders, solves serious and urgent problems such as extreme poverty and preserves the precious natural and man-made resources on which human prosperity is based.

Conducting the business in a sustainable and in ethical way without compromising on any comfort or quality for our guests is part of the fixed Agenda. They continue to invest in new methods and practices that save water and help in preserving energy. In addition, the hotels actively participate in local community pro-

jects and have ongoing charitable commitments which we are proud to be part of the CSR Policy.

TREND ANALYSIS:

After deep understanding of Corporate Social Responsibility, it is very much clear that all hotels are ready to adopt Corporate Social Responsibility in their top of the list because it is the need of the hour. Utilization of available resources is to be done in proper manner so that acceptability of the Corporate Social Responsibility shall be accepted on wider spectrum. All listed hotels are focusing on CSR for retaining their employees in their organization for a longer period.

SUGGESTIONS:

Government has made CSR as mandatory under the Law and fixed a percentage of profits to be contributed by the corporate entities for the welfare of the society. UGC has setup a division to take care of Education Sector in the Similar Manner, as there is a need to set up a separate statutory body for the CSR to function actively for the welfare of the society.

CONCLUSION:

Through CSR, Indian Government is trying to solve many social problems arising in the country. CSR is essential in India as more than 65% of the population is living in Rural areas with business enterprises focusing on generating profits. CSR was not a popular concept among companies in the past. The analyzed data reveals that though the Indian public & private firms are making efforts in the CSR areas, but still there is a need of more emphasis on CSR by the Indian public & private firms. Indian Corporate world is spending merely 0.2% of their profits towards CSR activities. This Study concludes that the Companies Act, 2013 contains a number of provisions which have greater impact on the Governance of the corporate entities. The Act clearly specifies the role & responsibilities of the Board of Directors and makes them more accountable for their actions while protecting shareholder interests.

In today scenario, Corporate Social Responsibility is an important aspect for hospitality industry. All over the world, hospitality industry is growing at very fast pace and to keep this momentum going, all big hotels chain property is looking forward to accept CSR in the best benefit of natural resources, host community, employees, culture on a vast level. CSR is not a waste investment on hospitality industry because it focuses on fuller utilization of available resources in such a manner so that effect on environment, society can be minimized. To maximize application of CSR, involvement of local host in the form of jobs, social and cultural fests, shall create a positive image of the industry in the eyes of the public. Adoption of latest technology at all levels, shall reduce the power consumption which in turn reduce the operating cost and increase the revenue of hotel industry over a period of time to come in.

In the recent times, Corporate Business Houses have substantially involved towards societal responsibilities. It is found that there is a greater need for creation of awareness about CSR amongst the general public so as to make CSR initiatives more effective in implementation. The suggested efforts naturally motivate other Corporate Business Houses to join the League and would like to play an immense role in addressing different issues as facing by the India through innovative CSR practices.

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